

**Sir George Staunton Country Park Joint Management Committee**

**29 January 2010**

**Item 8**

**Revised Budget 2009/10 and Proposed Forward Budget 2010/11**

**Report of the Treasurer**

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**1 Introduction**

- 1.1 This report presents the revised budget for the Park for the current year (2009/10) and a draft forward budget for next year (2010/11).
- 1.2 Appendix A summarises the original and revised budget for the current financial year (2009/10) and the proposed budget for next year (2010/11).
- 1.3 Appendix B breaks the revised budget down into its operational elements.
- 1.4 Appendix C presents the draft forward budget for 2010/11 broken down into its operational elements, and includes the proposed contributions from the Partner Authorities.
- 1.5 In summary, visitor numbers to date have increased compared to last year, but income from entrance charges and secondary spend have not increased proportionately. There has been a major saving in staffing costs due to several posts being held vacant, and a forecast increase in total income, but these have been almost totally offset by an increase in premises costs and essential expenditure on plant and equipment. Despite the current economic climate, the Park is forecasting a small surplus this year and next year, which will significantly reduce the deficit in reserves.

**2 2009/10 Performance to date**

- 2.1 The first eight months of the current financial year compare favourably with the same period last year. Although total income to date is at the same level as in 2008/09, expenditure has been kept in check, mainly through vacancy management.
- 2.2 Expenditure in the operational and commercial sectors of the Park has been kept below the levels at the same stage of the previous year (see Table 1 below). The exception to this is the Gift Shop where the additional retail space has resulted in more expenditure on stock items (and more income).

	<b>2008/09</b> <b>£</b>	<b>2009/10</b> <b>£</b>
Management	249,667	246,083
Ornamental Farm	81,598	73,972
Parkland	91,117	82,817
Gardens & Glasshouses	82,335	72,097
Education & Volunteers	48,690	46,510
Gift Shop	90,328	103,907
Conference & Events	34,195	29,149
Catering	123,379	103,207
<b>TOTAL</b>	<b>801,309</b>	<b>757,742</b>

*Table 1: Expenditure by activity to November*

- 2.3 The summary breakdown of expenditure by category is set out in Table 2 below. All categories show savings when compared to last year except for Transport and Plant where the increase has been incurred through the purchase of a trailer, and additional costs of staging events such as the Water Festival, Play Day, Staunton Live!, and Hallowe'en.

	<b>2008/09</b> <b>£</b>	<b>2009/10</b> <b>£</b>
Employees	472,792	436,908
Premises	58,454	55,900
Transport and Plant	40,570	58,040
Supplies and Services	229,493	206,894
<b>TOTAL</b>	<b>801,309</b>	<b>757,742</b>

*Table 2: Expenditure by category to November*

- 2.4 Income during the year is holding up well, all things considered. Remarkably, the total year on year figures are almost identical. However, there are variances within the categories. The Grant figure for 2008/09 included over £50,000 from The Big Lottery for play equipment. The Sales figure for 2009/10 includes additional income of £21,000 taken in the shop, which includes improved sales for livestock and farm produce. The improvement in Other Fees and Charges is due to increased income from Education, Events and Angling, though this has been reduced by a fall in income from the Tea Rooms.

	<b>2008/09</b> <b>£</b>	<b>2009/10</b> <b>£</b>
Partner contributions	218,240	222,968
Other Grants	55,081	10,266
Sales	65,624	96,394
Entrance Charges	272,496	274,757
Other Fees and Charges	148,697	155,701
<b>TOTAL</b>	<b>760,138</b>	<b>760,086</b>

*Table 3: Income by category to November*

- 2.5 The outlook for the remainder of the year is fairly optimistic. If the spending pattern of the last four months in 2008/09 are repeated in 2009/10 there will be a contribution of over £5,000 to reserves. The Park Management Team will continue to keep expenditure in check, and do all they can to ensure that income streams are either sustained or improved. However, the situation regarding the holding of staff vacancies cannot be sustained for much longer before it adversely affects the service delivery.

### **3 2009/10 Revised Budget**

- 3.1 The original budget was set to include growth in visitor numbers and income for the 2009/10 financial year. The revised budget has been set taking into account all the factors outlined in Section 2 above, and is set out in Appendix B.
- 3.2 Major savings in staff costs are included in the budget forecast, though these have been tempered by increases in expenditure on premises costs and essential expenditure on plant and equipment. Further expenditure is being restricted to essential work only in order to maximise the contribution to reserves at the end of the year.
- 3.3 Although income from entrance charges has been reduced, other income streams (notably shop sales) have more than compensated for this, and the overall income forecast reflects this.
- 3.4 In summary, forecast expenditure has been increased by £18,000, and the forecast income target has been increased by £22,600.
- 3.5 As a result of this, the budgeted contribution to reserves of £1,533 is now increased to £6,133 – an increase of £4,600. The effect on reserves will be to reduce the opening deficit of £24,371 to £18,238.
- 3.6 The variations against the original budget within the budget headings are summarised below.

#### **a) Employees (-£94,900)**

These savings have been achieved by holding up to eight posts vacant for varying periods of time during the year. The posts involved include ranger posts as well as office staff. This situation is not sustainable, and the forward budget assumes a full complement of staff. Given the current budget position, the employment of temporary and casual staff has been severely reduced.

#### **b) Premises (+£37,800)**

This increase is mainly due to a rise in the cost of utilities, (in particular, a major water leak), cleaning/refuse and an increase in general maintenance expenditure.

#### **c) Transport and Plant (+£20,400)**

There have been small variations across several budget headings, but the procurement of a trailer and the additional cost of hiring plant for various events (most of which have been offset by new income) are the most significant factors in this category.

**d) Supplies & Services (+£54,700)**

There have been cutbacks in general equipment, office expenses and uniforms, leading to many small variations across all the budget headings within this category. The more significant of these are the procurement of more stock for the increased retail area in the Gift Shop, the cost of the temporary classroom, increased expenditure on promotions, communications, and equipment for education and event. Some of these increases have been the result of increased activities within the Park and have attracted funding to help pay for them.

**e) Income (+£22,600)**

Although income from entrance charges is forecast to fall slightly, this will be more than offset by increases in other income streams. There are reduced income forecasts for sponsorships, animal feed, angling, cycle hire, room hire, and events, mostly due to the economic climate. However, increased income in the Gift Shop from retail sales and estate produce, and from grants has compensated for these. The Park team will do all they can to maximize the income streams over the remaining months of the year.

**4 2010/11 Revenue Budget**

- 4.1 The national economic indicators continue to predict a downturn in disposable income over the next year or so. Taking this into account, the plan is for the Park to return a modest surplus of £9,371 in 2010/11, and to pay off the reserve deficit in the following year. The figures for 2010/11 are outlined in Appendix C.
- 4.2 The budget has been set with a full complement of staff. Staff costs are forecast to rise due to the annual increments under the HCC Remuneration and Benefits scheme, and an anticipated inflationary pay award of 1.0%. There will also be an increase of 0.5% in the Employer's contribution to Superannuation. Although inflation on non-salary budgets has been forecast at an average of 2.5%, the forward budget has been based on the 2009/10 Original Budget with the inflationary increases being absorbed. The inflation on the requested contributions from the partners has, therefore, been restricted to 1.25% which reflects the efficiency savings being made within the Park. This is in line with County Council policy at other similar Joint Managed Committees.
- 4.3 The major variations from the 2009/10 revised budget are as follows:

**Employees (+£95,000)**

The 2009/10 revised budget is artificially low because it includes several vacancies. This cannot be sustained without adversely affecting the quality of

the visitor experience, so the 2010/11 budget assumes the Park will be fully staffed. However, the use of casual and temporary staff, will continue to be restricted. The staffing structure is currently under review.

**Premises (-£35,500)**

The reduction in Premises costs is due to the exclusion of one-off costs incurred in 2009/10, such as the water leak, and the restriction of expenditure to essential work only.

**Transport and Plant (-£19,700)**

The 2009/10 revised budget includes the hire of several items of plant for particular events. The 2010/11 budget does not include these, and excludes the replacement of certain items of plant and equipment (subject to health and safety considerations).

**Supplies and Services (-£35,200)**

This reduction is largely due to the removal of the one-off expenditure incurred in 2009/10 on the temporary classroom, decorating the tea rooms and cuts in the budgets for development work in the Park.

**Income (+£4,800)**

The overall income budget shows a slight increase on the 2009/10 revised budget. The budget for Entrance Charges has been increased slightly following the proposals in the 2010/11 pricing structure report. Income earned by the Farm and Education activities have been increased in line with expectations. Income from visitors' secondary spend in the Gift Shop has been slightly increased following the success of the expanded floor area, and income from the Tea Rooms has been held at the 2009/10 level. Income from conferences and events has been reduced, taking account of current trends.

- 4.4 The Partner contributions are allocated against the Management budget. The Entrance income is apportioned across the Management and Operations budget. Sales and grant income are shown against the relevant Operations, Education and Commercial budgets. The Commercial operations are expected to generate their own income and will make a contribution to the overall running costs of the Park.
- 4.5 Members may recall from several years ago the aspiration to reduce the contributions from the partners to below 50% of the Park's gross expenditure. Table 4 (below) shows how the contributions have dropped as a percentage of the gross expenditure from 57% in 1998/99 to 21% in 2008/09. It is interesting to note that although gross expenditure has risen by 183% between 1998/99 and 2008/09, the total partner contributions have risen by only 5.5% in cash terms (not allowing for inflation). This is an indicator of the success of the Business Plan, and the significance of the income derived from the commercial operations at the Park. The figures for 2009/2010 and 2010/2011 are budgeted figures not outturn figures.

	<u>Gross Expenditure</u> £	<u>Contributions</u> £	<u>%</u>
1998/1999	393,771	224,699	57.1
1999/2000	388,115	220,489	56.8
2000/2001	426,114	205,889	48.3
2001/2002	469,601	313,889	66.8
2002/2003	507,249	205,834	40.6
2003/2004	604,114	207,243	34.3
2004/2005	737,610	212,700	28.8
2005/2006	832,880	219,082	26.3
2006/2007	888,968	225,653	25.4
2007/2008	942,615	230,793	24.5
2008/2009	1,112,963	236,962	21.3
2009/2010	1,043,100	243,033	23.3
2010/2011	1,047,700	246,071	23.5

*Table 4: Partner Contributions as % of Expenditure*

## **5 Looking Ahead**

- 5.1 These are difficult times for the Park, with the challenges of keeping within a very tight budget, attracting and keeping more visitors, encouraging those visitors to spend freely while they are here, and now being without a Park Manager.
- 5.2 The revenue budget is heading for solvency, and has to be carefully managed because there is no margin for error. Currently, the revenue budget pays for maintenance of the Park's infrastructure. The diverse nature of the infrastructure inevitably means there are unexpected and expensive calls on this budget, due to water leaks, boiler breakdowns, or problems with the glasshouse or farm. Consequently, any additional contribution to the revenue budget would help to ease the operational finances of the Park.
- 5.3 The long term future of the Park depends upon income streams being increased in terms of both value and variety. This can be achieved with capital investment, but there is no funding for capital schemes. Targeted capital investment would enhance and improve existing features, or release the potential of some of the under-used assets of the Park. Any assistance from the partner authorities in securing funding for capital projects would greatly enhance the future of the Park.
- 5.4 The support of the partners is critical to the ongoing success of the Park, and members are urged to persuade their Authorities to agree to the requested funding levels, and to actively seek out and secure additional revenue and capital financial assistance for this invaluable community resource.

## **RECOMMENDATIONS**

1. That the revised budget for 2009/10 as shown in Appendices A and B be approved.
2. That the partner contributions for 2010/11 as shown in Appendix C be approved.
3. That the budget for 2010/11 as shown in Appendix C be approved.
4. That members seek additional revenue and capital funding from their Authorities to help ensure the future of the Park.

## SIR GEORGE STAUNTON COUNTRY PARK

## Appendix A

## REVENUE BUDGET

	Original Budget 2009/10 £	Revised Budget 2009/10 £	Variance 2009/10 £	Original Budget 2010/11 £
<b>Expenditure</b>				
Employees	706,900	612,000	94,900	707,000
Premises	67,700	105,500	(37,800)	70,000
Transport & Plant	53,600	74,000	(20,400)	54,300
Supplies & Services	196,900	251,600	(54,700)	216,400
Gross Expenditure	1,025,100	1,043,100	(18,000)	1,047,700
<b>Income</b>				
Entrance Charges	386,200	379,600	6,600	387,100
Other Charges (incl Events)	397,400	426,600	(29,200)	423,900
Total Income	783,600	806,200	(22,600)	811,000
<b>Net Expenditure</b>				
	241,500	236,900	4,600	236,700
Transfer to/(from) reserve	1,533	6,133		9,371
Total to be financed by Local Authorities	243,033	243,033		246,071
<b>Funded by</b>				
Hampshire County Council	223,696	223,696		226,492
East Hampshire District Council	6,027	6,027		6,102
Havant Borough Council	12,282	12,282		12,436
Hordean Parish Council	571	571		578
Rowlands Castle Parish Council	457	457		463
	243,033	243,033		246,071
<b>Reserve Account</b>				
Balance at 1 April	(24,371)	(24,371)		(18,238)
add: Interest	0	0		(456)
	(24,371)	(24,371)		(18,694)
less: transfer (to)/from revenue	1,533	6,133		9,371
Balance at 31 March	(22,838)	(18,238)		(9,323)

REVISED BUDGET 2009/10

Management	Operations and Education							Commercial				Total Net Budget	
	Ornamental Farm	Landscaped Gardens & Parkland	Gardens & Glasshouses	Volunteer Scheme	Sponsorship	Education	Total	Gift Shop	Conference and Events	Catering	Total		
£	£	£	£	£	£	£	£	£	£	£	£	£	
<b>Expenditure</b>													
Employees	158,100	69,300	89,900	89,800	100		61,100	310,200	61,700	2,000	80,000	143,700	612,000
Premises	81,800	1,000	6,400	8,300				15,700	3,200	1,900	2,900	8,000	105,500
Transport	1,800	15,700	25,800	4,200	100		400	46,200		26,000		26,000	74,000
Supplies & Services	68,200	27,200	3,300	5,300	400	1600	8,100	45,900	57,100	23,700	56,700	137,500	251,600
Gross Expenditure	309,900	113,200	125,400	107,600	600	1,600	69,600	418,000	122,000	53,600	139,600	315,200	1,043,100
<b>Income</b>													
Entrance Charges	19,000	113,800	113,800	113,800			19,200	360,600				0	379,600
Sales and Other Charges	10,300	19,800	7,500		14,000	3,800	27,500	72,600	132,300	58,600	152,800	343,700	426,600
Partner Contributions	243,033							0				0	243,033
Total Income	272,333	133,600	121,300	113,800	14,000	3,800	46,700	433,200	132,300	58,600	152,800	343,700	1,049,233
<b>Net Expenditure</b>	37,567	(20,400)	4,100	(6,200)	(13,400)	(2,200)	22,900	(15,200)	(10,300)	(5,000)	(13,200)	(28,500)	(6,133)
Transfer to/(from) reserve													6,133
													0

**Funded by**

Hampshire County Council	223,696
East Hampshire District Council	6,027
Havant Borough Council	12,282
Horndean Parish Council	571
Rowlands Castle Parish Council	457
	<u>243,033</u>

**Reserve Account**

Balance at 1 April 2009	(24,371)
add: Interest	0
	<u>(24,371)</u>
less: transfer (to)/from revenue	6,133
Balance at 31 March 2010	<u>(18,238)</u>

## SIR GEORGE STAUNTON COUNTRY PARK

## Appendix C

FORWARD BUDGET 2010/11

Management	Operations and Education							Commercial				Total Net Budget	
	Ornamental Farm	Landscaped Gardens & Parkland	Gardens & Glasshouses	Volunteer Scheme	Sponsorship	Education	Total	Gift Shop	Conference and Events	Catering	Total		
£	£	£	£	£	£	£	£	£	£	£	£	£	
<b>Expenditure</b>													
Employees	199,900	75,900	101,700	88,100			65,200	330,900	61,500	26,600	88,100	176,200	707,000
Premises	50,600	1,000	6,100	7,200				14,300	2,200	2,700	200	5,100	70,000
Transport	1,300	19,700	22,200	600			500	43,000		10,000		10,000	54,300
Supplies & Services	48,000	27,100	600	8,100	900		12,700	49,400	51,300	8,500	59,200	119,000	216,400
Gross Expenditure	299,800	123,700	130,600	104,000	900	0	78,400	437,600	115,000	47,800	147,500	310,300	1,047,700
<b>Income</b>													
Entrance Charges	19,400	116,100	116,100	116,100			19,400	367,700				0	387,100
Sales and Other Charges	5,800	24,900	10,300	2,000	13,700	2,600	31,400	84,900	134,000	45,500	153,700	333,200	423,900
Partner Contributions	246,071							0				0	246,071
Total Income	271,271	141,000	126,400	118,100	13,700	2,600	50,800	452,600	134,000	45,500	153,700	333,200	1,057,071
<b>Net Expenditure</b>	28,529	(17,300)	4,200	(14,100)	(12,800)	(2,600)	27,600	(15,000)	(19,000)	2,300	(6,200)	(22,900)	(9,371)
Transfer to/(from) reserve													9,371
													0

**Funded by**

Hampshire County Council	226,492
East Hampshire District Council	6,102
Havant Borough Council	12,436
Horndean Parish Council	578
Rowlands Castle Parish Council	463
	<u>246,071</u>

**Reserve Account**

Balance at 1 April 2010	(18,238)
add: Interest	(456)
	<u>(18,694)</u>
less: transfer (to)/from revenue	9,371
Balance at 31 March 2011	<u>(9,323)</u>